

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 L-02 FRB-01 OMB-01

TAR-01 SP-02 SWF-01 AGR-05 AID-05 CIAE-00 COME-00

INR-05 LAB-01 NSAE-00 OIC-02 RSC-01 SIL-01 STR-01

TRSE-00 CIEP-01 CEA-01 AF-04 ARA-06 NEA-06 SS-15

NSC-05 SSO-00 NSCE-00 INRE-00 /103 W

----- 042371

O R 201150Z NOV 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 4739

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION USUN NEW YORK IMMEDIATE

AMEMBASSY GENEVA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, UNGA, UNCTAD, GATT, NL

SUBJECT: 19TH GA- SECOND COMMITTEE - ITEM 42 UNCTAD

INDEXATION RESOLUTION

REF: A. STATE 254149

B. STATE 254148

1. AS FIRST ITEM OF BUSINESS THIS MORNING (NOV 20),

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EMBOFF MADE DEMARCHE TO MFA OFFICER CONCERNED WITH

TRADE POLICY MATTERS AND THE LDC'S (BARK), REVIEWING
US POSITION ON INDEXATION RESOLUTION, USING
RATIONALE CONTAINED REFTELS.

2. BARK SAID DUTCH POSITION ON OP PARA FIVE (CALLING
FOR UNCTAD SYG TO CONVENE EXPERT GROUP TO IDENTIFY
INDEXATION SCHEMES) CORRESPONDS VERY CLOSELY TO US
THINKING. SPECIFICALLY, HE SAID NETHS VIEWS THIS
PARA AS PREJUDGING POSSIBLE OUTCOME OF STUDIES
CALLED FOR IN TDB RES 124(XIV) AND WOULD PREFER
DELETION OF THIS PARA. IF PARA NOT DELETED, NETHS
COULD SUPPORT LANGUAGE CALLING FOR EXPERT GROUP
TO CARRY OUT TASKS AS SUGGESTED IN REFTEL (A),
PARA 6. PRESSED AS TO POSITION NETHS WOULD
TAKE IF GROUP OF 77 STICKS BY LANGUAGE IN PRESENT
DRAFT AND RESOLUTION IS PUT TO VOTE (WHICH EMBOFF
INDICATED US WOULD REQUEST IF MATTER NOT SATISFACTORILLY
RESOLVED), BARK SAID HE WOULD CONSULT WITH
COLLEAGUES AND SUGGEST THAT NETHS DEL OPPOSE PARA,
BUT THIS POSITION LIKELY TO BE MODIFIED TO ABSTENTION
BY DEVELOPMENT MINISTER PRONK, WHO IS GENERALLY
AVERSE TO HAVING NETHS CAST NEGATIVE VOTES FOR REASONS
OF "LANGUAGE" ON QUESTIONS OF GREAT IMPORTANCE TO
LDC'S. HOWEVER, IF NETHS DEL INSTRUCTED TO ABSTAIN,
INSTRUCTIONS WOULD ASK DEL TO MAKE EXPLANATION OF
VOTE REFLECTING POSITION DESCRIBED ABOVE. EMBOFF
OFFERED VIEW THAT ABSTENTION WITH EXPLANATION OF VOTE
UNDER THESE CIRCUMSTANCES WOULD BE POOR SUBSTITUTE
FOR NEGATIVE VOTE GIVEN TENDENCY OF SUCH EXPLANATIONS
TO BECOME OBSCURED IN LEGISLATIVE HISTORY. BAKR
SAID LATTER IS GENERAL PROBLEM WHICH HE AND
HIS COLLEAGUES HAVE UNDER CONSIDERATION.

3. RE OP PARA 3 (ON MAINTENANCE AND EXPANSION OF
REAL VALUES OF LDC EXPORT EARNINGS), BARK SAID NETHS
DOES NOT VIEW PRESENT LANGUAGE AS IMPLYING COMMITMENT
TO INDEXATION SO-LONG AS THE TERM INDEXATION ITSELF
DOES NOT APPEAR IN THE TEXT. NETHS COULD PROBABLY
ACCEPT MOST ANY LANGUAGE THAT WOULD RECOGNIZE THAT LDC'S
HAVE PROBLEM IN MAINTAINING VALUE OF THEIR EXPORTS;
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LDC'S HAVE VALID POINT IN ARGUING THAT THEIR EXPORT
EARNING ABILITY IS INTIMATELY LINKED TO PRICES THEY
MUST PAY FOR IMPORTS, AND SOLUTIONS TO THIS
PROBLEM NEED TO BE EXPLORED. BARK SAID THAT EARLIER
INSTRUCTIONS TO NETHS UN DEL CONVEYED POSITION THAT
INDEXATION DOES NOT APPEAR TO BE PRACTICAL SOLUTION AND
THAT FURTHER STUDY IS NECESSARY. IF SEPARATE
VOTE IS TAKEN ON OP PARA 3, NETHS DEL WOULD LIKELY

BE INSTRUCTED TO VOTE AFFIRMATIVELY AND EXPLAIN
THAT IT DOES NOT CONSIDER PARA AS IMPLYING
ACCEPTANCE OF ANY PARTICULAR MEANS TO SOLVE THE
PROBLEM, INCLUDING INDEXATION, THE LATTER BEING A
QUESTION ON WHICH NETHS IS NOT PREPARED TO MAKE
JUDGEMENT IN ABSENCEOF NECESSARY STUDIES.

4. EMBOFF POINTED OUT TO BARK THAT OUR INFO
INDICATES SECOND COMMITTEE IS LIKELY TO TAKE FINAL
ACTION ON RESOLUTION NOV 20 AND REITERATED THAT US WILL
OPPOSE RESOLUTION,EVEN AT RISK OF BEING ISOLATED ON
THIS ISSUE.
GOULD

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Disposition Date: 28 MAY 2004
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